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IN THE UNITED STAT	ES DISTRICT CO	U.S. DISTRICT COURT UNORTHERN DISTRICT OF TEXAS
FOR THE NORTHERN	DISTRICT OF TE	XAS ELLER TEXAS
DALLAS I	1	FILED
PENNSYLVANIA GENERAL INSURANCE COMPANY f/k/a General Accident Insurance Company of America and ONEBEACON AMERICA INSURANCE COMPANY f/k/a Commercial Union Insurance Company,)))))))))))))))))))	CLERK, U.S. DISTRICT COURT By Deput
Plaintiffs, v. ORIGINAL CAREMARKPCS f/k/a AdvancePCS, and CAREMARK RX, INC.,))))))))	No. 3-0VCV-0844G 89 3:05CV0844 G
Defendants.)))	

DEFENDANTS' MOTION TO DISMISS PLAINTIFFS' ORIGINAL COMPLAINT FOR DECLARATORY JUDGMENT, OR ALTERNATIVELY FOR A STAY, AND SUPPORTING BRIEF

EXHIBIT A

COMPLAINT FOR BREACH OF CONTRACT, DECLARATORY JUDGMENT, AND INSURER BAD FAITH

Plaintiff CaremarkPCS, f/k/a AdvancePCS Paradigm, Inc., and f/k/a AdvancePCS, Inc. ("AdvancePCS"), by and through its attorneys, hereby complains of Defendants Pennsylvania General Insurance Company, f/k/a General Accident Insurance Company of America ("Pennsylvania General"), Commercial Union Insurance Company ("Commercial Union"), Continental Casualty Company ("Continental"), and National Union Fire Insurance Company of Pittsburgh, Pa ("National Union") (collectively, the "Insurers" or the "Insurer Defendants"), as follows:

NATURE OF THE CASE

1. This action arises out of the Insurer Defendants' complete abandonment of their insured, AdvancePCS, in the defense of an underlying third-party lawsuit, and their *de facto*

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Defendants.

repudiation of their rights and obligations under the commercial liability insurance policies they issued. Despite their collecting in excess of \$1 million in premiums for issuing these policies to AdvancePCS, each of the Insurers chose to ignore AdvancePCS' tender of defense of the underlying lawsuit, made literally years ago, and ignored AdvancePCS' repeated requests that the Insurers fund a settlement of the underlying lawsuit once such settlement became possible.

- 2. Notably, while each of the Insurers turned their back on AdvancePCS, not one of them ever denied AdvancePCS' claim under their respective policy, nor did any one of them even issue so much as a timely reservation of rights or file a declaratory judgment action seeking a declaration of their rights and obligations under their policies. Instead, each of the Insurer Defendants simply kept AdvancePCS' money and ignored their insured's claims.
- 3. By this action, Plaintiff AdvancePCS seeks damages for the Insurers' breach of their insurance contracts and also seeks a declaration of the rights and obligations of AdvancePCS and the Insurers under the policies. In addition, AdvancePCS seeks damages caused by certain of the Insurers' vexatious, unreasonable, and bad faith refusal to provide coverage for the underlying lawsuit against AdvancePCS.

JURISDICTION AND VENUE

- 4. This Court has jurisdiction over this action pursuant to 735 ILCS 5/2-209, and 5/2-701. An actual controversy exists between AdvancePCS and the Insurers regarding the existence of coverage under the Policies in connection with the Underlying Lawsuits.
- 5. Venue is proper in Cook County pursuant to 735 ILCS 5/2-101, 5/2-102, and 5/2-103. Dfendant Continental has its principal place of business and headquarters in Chicago, Illinois, and is incorporated under the laws of this State, the other Insurer Defendants are all

authorized and/or transact business within this Circuit, and a substantial number of the events giving rise to Plaintiff's claims occurred in this Circuit.

PARTIES

- 6. Plaintiff CaremarkPCS ("Caremark") acquired AdvancePCS on March 24, 2004. AdvancePCS provided pharmacy benefit management services and therapeutic pharmaceutical services to assist corporations, insurance companies, unions, government employee groups, managed care and other organizations throughout the United States in delivering prescription drugs to their members in a cost-effective manner.
- 7. Defendant Pennsylvania General is in the business of, among other things, selling insurance contracts to commercial entities such as AdvancePCS. Pennsylvania General has earned substantial premium income from the sale of such insurance policies in the State of Illinois. Pennsylvania General is the issuer of a certain commercial general liability policy that insured AdvancePCS and its subsidiaries for the period October 1, 2000 to October 1, 2001.
- 8. Defendant Commercial Union, an affiliate of Pennsylvania General, is also in the business of, among other things, selling insurance contracts to commercial entities such as AdvancePCS. Commercial Union has earned substantial premium income from the sale of such insurance policies in the State of Illinois. Commercial Union is the issuer of a certain commercial umbrella liability policy that insured AdvancePCS and its subsidiaries for the period October 1, 2000 to October 1, 2001.
- 9. Defendant Continental is an Illinois corporation, with its headquarters and principal place of business located at CNA Plaza, Chicago, Illinois. Continental is also in the business of, among other things, selling insurance contracts to commercial entities such as AdvancePCS. Continental has earned substantial premium income from the sale of such

insurance policies in the State of Illinois. Continental is the issuer of a certain commercial general liability policy that insured AdvancePCS and its subsidiaries for the period October 1, 2001 to October 1, 2002.

10. Defendant National Union is also in the business of, among other things, selling insurance contracts to commercial entities such as AdvancePCS. National Union has earned substantial premium income from the sale of such insurance policies in the State of Illinois. National Union is the issuer of certain commercial umbrella policies that insured AdvancePCS and its subsidiaries for the period October 1, 2000 to October 1, 2001, and for the period October 1, 2001 to October 1, 2002.

BACKGROUND

I. The Insurance Policies Purchased By AdvancePCS

11. During the relevant time frame, including during 2000, 2001, and thereafter, AdvancePCS purchased certain commercial liability insurance policies from the Insurer. Defendants to provide coverage for the defense of lawsuits brought against it – including for those making "advertising injury" allegations in connection with AdvancePCS' business operations, and to provide indemnity in the event of a settlement or judgment against AdvancePCS. In that regard, each of the insurance policies that the Insurer Defendants issued to AdvancePCS (set forth in detail below and attached as exhibits hereto) specifically provided defense and indemnity coverage – in exchange for the substantial premiums paid by AdvancePCS – for any claim or lawsuit alleging "advertising injury," which was defined to include, among other things, "the misappropriation of advertising ideas or style of doing business," "the use of another's advertising idea in your advertisement," and "infringing upon another's ... trade dress or slogan." In this action, AdvancePCS seeks damages for the Insurer

Defendants' breach of their insurance contracts when faced with an underlying lawsuit filed against AdvancePCS which fell squarely within the Insurers' coverage obligations.

- 12. On or about October 1, 2000, AdvancePCS purchased from Pennsylvania General a certain commercial general liability policy, with policy number CGL 0175221-00 (the "Pennsylvania General Policy") (a copy of which is attached hereto as Exhibit A), from Commercial Union a certain commercial umbrella policy, with policy number CRDW68775 (the "Commercial Union Policy") (a copy of which is attached hereto as Exhibit B), and from National Union a certain commercial umbrella policy, with policy number BE 3467102 (the "National Union 2000 Policy") (a copy of which is attached hereto as Exhibit C), each for substantial premiums that were timely paid by AdvancePCS.
- 13. The "Policy Period" for the Pennsylvania General, Commercial Union and National Union 2000 Policies was October 1, 2000 through October 1, 2001. (Ex's. A, B, and C, Declarations).
- 14. Pursuant to the Pennsylvania General, Commercial Union and National Union 2000 Policies, each of Pennsylvania General, Commercial Union and National Union promised to "pay those sums that the insured [AdvancePCS] becomes legally obligated to pay as damages," and they acknowledged that they had "the right and duty to defend [AdvancePCS] against any 'suit' seeking [such] damages." (Ex's. A, B and C).
- 15. The Pennsylvania General Policy provides that it will pay up to \$1 million for each "Claim" made (including defense costs incurred), and will pay up to \$2 million in total. (Ex. A, Declarations). The Commercial Union Policy sits on top of the Pennsylvania General Policy and provides that, once the Pennsylvania General Policy's limits have been reached, it will pay up to \$10 million for each claim, and up to \$10 million in total. (Ex. B). The National

Union 2000 Policy is the final layer, providing an additional \$10 million for each claim, and up to \$10 million total. (Ex. C). Thus, AdvancePCS had up to \$21 million in insurance available to it between the General, Commercial Union and National Union 2000 Policies for the October 1, 2000 to October 1, 2001 time period.

- On or about October 1, 2001, AdvancePCS purchased from Continental a certain commercial general liability policy, with policy number GL 1 94324277 (the "Continental Policy") (a copy of which is attached hereto as Exhibit D), and from National Union a second commercial umbrella policy, this time with policy number BE 7392039 (the "National Union 2001 Policy") (a copy of which is attached hereto as Exhibit E), each for substantial premiums that were timely paid by AdvancePCS. The "Policy Period" for the Continental and National Union 2001 Policies was October 1, 2001 through October 1, 2002. (Ex's. D and E, Declarations).
- 17. Pursuant to the Continental and National Union 2001 Policies, Continental and National Union each similarly promised to pay those sums "that [AdvancePCS] becomes legally obligated to pay," and they each acknowledged that they had "the right and duty to defend" AdvancePCS against any "claim or suit seeking damages." (Ex's. D and E).
- 18. The Continental Policy provides that it will pay up to \$1 million for each "Claim" made (including defense costs incurred), and will pay up to \$2 million in total. (Ex. D, Declarations). The National Union 2001 Policy sits on top of the Continental Policy and provides that it will pay up to and additional \$20 million for each occurrence, and will pay up to \$20 million in total. (Ex. E, Declarations).

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II. United/AARP File Suit Against AdvancePCS

- and AARP filed a lawsuit against AdvancePCS, entitled *United Healthcare Insurance Co. and AARP v. AdvancePCS*, Case No. 01-2320 JMR (the "*United/AARP* Action"), in the United States District Court for the District of Minnesota. Shortly thereafter, AdvancePCS provided Pennsylvania General, Commercial Union, Continental and National Union with notice of the *United/AARP* action and requested that they assume their defense and indemnity obligations with respect to said action pursuant to their respective policies. A copy of the *United/AARP* action is attached hereto as Exhibit F. (Complaint at F(1) and Third Amended Complaint at F(2)).
- 20. In their suit, United Healthcare and AARP claimed, among other things, that AdvancePCS misappropriated its style of doing business, trade dress and advertising ideas in connection with a drug discount card program developed and implemented by AdvancePCS that allegedly resulted in confusion to both pharmacists and AARP program participants with a similar program run by United Healthcare and AARP. United Healthcare and AARP further alleged that solicitations and advertisements issued by AdvancePCS to pharmacists were part of this confusion and misappropriation of their style of doing business.
- 21. Based upon such allegations, the *United/AARP* action sets forth various claims, including but not limited to claims for tortious interference, unjust enrichment, and violation of the Minnesota consumer protection statutes. As relief for such claims, the *United/AARP* plaintiffs sought various injunctive relief, as well as an award of compensatory damages in excess of \$50 million, pre- and post-judgment interest, costs, attorneys' fees and other unspecified relief.

III. The Insurers Fail to Satisfy Their Coverage Obligations for the Underlying United/AARP Lawsuit

- 22. As stated above, AdvancePCS timely tendered the *United/AARP* action to the Insurer Defendants in early 2002. Not one of the Insurers denied AdvancePCS' claim. Nor did any of the Insurers even issue any reservation of rights. As the *United/AARP* action neared trial, the parties engaged in a concerted effort to resolve the matter short of trial.
- 23. On July 22, 2004, the Insurers were advised that the parties were engaged in serious settlement discussions and were working on finalizing a settlement agreement to resolve the *United/AARP* matter. Not one of the Insurer Defendants raised any objection to such settlement discussions or otherwise protested.
- 24. On August 4, 2004, AdvancePCS wrote to the Insurer Defendants once again advising them that settlement discussions were continuing and that the parties were close to agreeing upon the terms of a final written settlement agreement. Accordingly, AdvancePCS requested that the carriers ready their policy proceeds to fund the settlement and reimburse AdvancePCS' defense costs. Once again, not one of the Insurer Defendants raised any objection to the settlement.
- 25. On September 13, 2004, AdvancePCS advised the Insurer Defendants that the parties had finally reached agreement on all terms of a settlement of the Underlying Lawsuit, and AdvancePCS forwarded a copy of the Settlement Agreement to each of the Insurers. Accordingly, AdvancePCS requested that each of the Insurers tender the amounts due under their respective policies to fund the settlement and to reimburse AdvancePCS its defense costs.
- 26. Surprisingly, despite their having never once denied or even questioned AdvancePCS' claim for coverage of the Underlying Lawsuit, tendered years before, each of the

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Insurers has refused to fund the settlement or reimburse AdvancePCS its costs of defense.

Accordingly, AdvancePCS was forced to fund the \$8 million settlement on its own.

COUNT ONE: BREACH OF CONTRACT

- 27. AdvancePCS incorporates by reference, as if fully set forth herein, the statements set forth in paragraphs 1 26 above.
- 28. AdvancePCS purchased from Pennsylvania General, Commercial Union, Continental and National Union the aforementioned insurance policies that obligated the Insurers to pay defense costs incurred to defend AdvancePCS in the Underlying Lawsuit and to indemnify AdvancePCS for any settlement or judgment with respect to the Underlying Lawsuit. AdvancePCS sent timely notice of the Underlying Lawsuit to the Insurer Defendants and has otherwise complied with all provisions of the policies.
- 29. Nonetheless, the Insurer Defendants have wrongfully failed to defend or reimburse AdvancePCS its costs incurred to defend itself against the Underlying Lawsuit, despite it being covered under the policies. The Insurers have also wrongfully ignored their indemnity and other obligations under the policies. Accordingly, the Insurers have breached their insurance contracts with AdvancePCS.
- 30. As a result of the Insurers' breaches of the policies, AdvancePCS has sustained damages in an amount to be established at trial.

COUNT TWO: DECLARATORY JUDGMENT

- 31. AdvancePCS incorporates by reference, as if fully set forth herein, the allegations in Paragraphs 1 30 above.
- 32. AdvancePCS has sustained losses related to the Underlying Lawsuit that are covered by the aforementioned policies. The policies obligate the Insurer Defendants to insure

AdvancePCS with respect to the Underlying Lawsuit. Nonetheless, the Insurer Defendants failed to defend AdvancePCS in the Underlying Lawsuit and have wrongfully ignored their indemnity and other obligations under the policies.

- 33. A case of actual controversy exists between AdvancePCS and the Insurer Defendants as to their respective rights and obligations for the Underlying Lawsuit under the policies.
- 34. AdvancePCS seeks entry of a declaratory judgment to declare the rights and other legal relations of AdvancePCS and the Insurer Defendants under the policies with respect to AdvancePCS' claims for insurance coverage for the Underlying Lawsuit. Specifically, AdvancePCS seeks entry of a declaratory judgment holding that:
 - (a) The Underlying Lawsuit is a claim against AdvancePCS within the meaning of the policies and is otherwise within the grants of coverage in the policies;
 - (b) No exclusion in the policies bars coverage for the claim for insurance coverage made by AdvancePCS for the Underlying Lawsuit;
 - (c) The Insurers are obligated to pay all costs incurred on behalf of AdvancePCS to defend the Underlying Lawsuit; and
 - (d) The Insurer Defendants must indemnify AdvancePCS with respect to the Underlying Lawsuit for any amounts paid to settle and resolve the Underlying Lawsuit.

COUNT THREE: ESTOPPEL

- 35. AdvancePCS incorporates by reference, as if fully set forth herein, the allegations set forth in paragraphs 1-34 above.
- 36. By virtue of the Insurers' failure to defend AdvancePCS in the Underlying Lawsuit, their *de facto* repudiation of their other obligations under the policies, their abandonment of AdvancePCS and complete lack of action with respect to the Underlying

Lawsuit, the Insurers are estopped from relying on any policy defenses that they may otherwise have asserted in defending this action.

COUNT FOUR: INSURER BAD FAITH

- 37. AdvancePCS incorporates by reference, as if fully set forth herein, the allegations set forth in paragraphs 1-36 above.
- 38. Continental's and National Union's refusal to honor their insurance obligations to AdvancePCS is vexatious and without reasonable basis under the policies, is contrary to their prior representations and actions, and is in violation of applicable law.
- 39. Continental's and National Union's bad faith refusal to acknowledge and honor their coverage obligations under the policies has caused damage to AdvancePCS over and above the breach of the insurance contracts, and has interfered with AdvancePCS' conduct of its business affairs.
- 40. Continental's and National Union's bad faith refusal to acknowledge and honor their coverage obligations to AdvancePCS has resulted in damages sustained by AdvancePCS in amounts to be established at trial.

PRAYER FOR RELIEF

WHEREFORE, CaremarkPCS, f/k/a AdvancePCS Paradigm, Inc., and f/k/a AdvancePCS, respectfully requests that the Court:

- (a) Enter judgment on Count One of the Complaint in favor of AdvancePCS and against Pennsylvania General, Commercial Union, Continental and National Union;
- (b) Enter judgment on Count One of the Complaint for compensatory damages in favor of AdvancePCS and against Pennsylvania General, Commercial Union, Continental and National Union for their respective breaches of the insurance contracts in an amount to be established by AdvancePCS at trial;

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- (c) Enter a declaratory judgment on Count Two of the Complaint in favor of AdvancePCS and against Pennsylvania General, Commercial Union, Continental and National Union, declaring the following:
 - (1) The Underlying Lawsuit is a claim against AdvancePCS within the meaning of the policies and is otherwise within the grants of coverage in the policies;
 - (2) No policy exclusion bars coverage for the claim for insurance coverage made by AdvancePCS under the policies for the Underlying Lawsuit;
 - (3) The Insurer Defendants are obligated to pay all defense costs incurred on behalf of AdvancePCS to defend the Underlying Lawsuit; and
 - (4) Pennsylvania General, Commercial Union, Continental and National Union must indemnify AdvancePCS with respect to the Underlying Lawsuit for any amounts paid to settle or otherwise resolve the Underlying Lawsuit;
- (d) Enter judgment on Count Three of the Complaint in favor of AdvancePCS and against Pennsylvania General, Commercial Union, Continental and National Union declaring and adjudicating that they are each estopped from denying any duty to defend or indemnify AdvancePCS under the policies with respect to the Underlying Lawsuit;
- (e) Enter judgment on Count Four of the Complaint in favor of AdvancePCS and against Continental and National Union;
- (f) Enter judgment on Count Four of the Complaint in favor of AdvancePCS and against Continental and National Union for compensatory damages and attorneys' fees, in an amount to be established at trial, finding that their failure to acknowledge or satisfy their respective coverage obligations was vexatious and unreasonable and in violation of law, and awarding AdvancePCS reasonable attorney fees and other costs as part of the taxable costs in this action, as well as awarding AdvancePCS all other damages appropriate and permissible by law as a result of such bad faith conduct;
- (g) Award AdvancePCS its fees and costs incurred in bringing this action;

- (h) Award AdvancePCS prejudgment interest on all sums awarded to AdvancePCS in an amount to be calculated in accordance with law; and
- (i) Award to AdvancePCS such other, further, and additional relief as the Court deems just and appropriate.

Dated: April 28, 2005

Respectfully submitted,

CAREMARK PCS, f/k/a ADVANCE PARADIOM, INC., and f/k/a/ADVANCEPCPCS

By: One of Its Attorneys

Robert H. Griffith Kevin P. Shea Michael J. Hayes, Jr. Michael P. McBride UNGARETTI & HARRIS LLP 3500 Three First National Plaza Chicago, Illinois 60602 (312) 977-4400 (312) 977-4405 - Fax

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Commercial General Liability

GENERAL ACCIDENT INSURANCE 436 Walnut Street Philadelphia, PA 19105-1109

This Policy is issued by the company designated below by the letter X:

General Accident Insurance Company of America 1	Company of III	enois 2	Insurance Asso	ciation 3		ennsylvania G Isurance Com	
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ENDORSEMENT

Not Valid Unless Signed By A Duly Authorized Representative Of The Company

			Endorsement number
Issued by: GER	ERAL ACCIDENT INSURANCE O	MPANY OF AH	BRICA
Place of issue PHILADELPHIA, P	A bab		Date of issue 03-01-01
Endorsement effectiv Hour 12:01 A.M.	e (standard time) Month Day	Year 01 00	Amending policy no. CGL 0175221-00
Issued to ADVANCE PARADIG	K, INC., ETAL		
State code Agent co	de Agent name 764 CRS IRSURANCE, I	LP.	
The above information	n is not required when this endors	ement is issued	with the policy.
This endorsement is indicated by typewrit	ten entry below.	tions, and exclu	sions of the policy. The policy is amended as
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1.	909 E. COLLINS BOULEVARD RICHARDSON, TX 75081		
2.	545 E. JOHN CARPENTER FRE IRVING, TX 75343	SERAY SUITE	1570
3.	16629 GLENRIDGE AVENUE MIDDLEBURG HEIGHTS, OR	14130	
4.	14755 PRESTON ROAD DALLAS, TX 75240		
5.	1950 CENTURY BOULEVARD \$2 ATLANTA, GA 30345	23	
6.	1177 HIGH RIDGE ROAD STAMFORD, CT 06905		
7.	2137 WELSH BOAD PHILADELPHIA, PA 19115		
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Additional premium	Return premium		

G-1881 Rev.6.96 (1)

Signature of authorized representative

G-1881 Rev.6.96 (1)

ENDORSEMENT

				Endorsement number
issued by: GEX	WEAL ACCIDENT INSU	IRANCE COMPAN	T OF AME	rica .
Place of issue PHILADELPHIA, F	PA bab			Date of issue 03-01-01
Endorsement effective Hour 12:01 A.K.		th Day 10 01	Year 00	Amending policy no. CGL 0175221-00
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Not Valid Unless Signed By A Duty Authorized Representative Of The Company Endorsement no	CGU-	Case SERDORSEMENT	ocument 8	Filed	05/18/0	05 Page 20 of 40 P	ageID 308
Date of issue Philadelphia, PA OS/07/101 Indorsement effective (standard time) O6 06 01 CGL 0175221-00 Susued to dvance PCS tate code Agent name 730764 CBS Insurance, LLP The above information is not required when this endorsement is issued with the policy. The policy is mended as indicated by typewritten entry below. In consideration of a premium to be determined at audit, it is agreed that the policy is amended as follows: diditional Insured: Sew Boston Management Services, Ince we Boston Allison Two Limited Partnership ew Boston Fund, Inc. 10 Pear Street The Floor Authorized representative	ot Valid U	Jnless Signed By A Duty Author	rized Repr	esenta		•	
traice of issue hiladelphia, PA notorsement effective (standard time) Month Day Year Amending policy no. lour 12:01 A.M. 06 06 01 CGL 0175221-00 ssued to dvance PCS tate code Agent code Agent name 730764 CBS Insurance, LLP the above information is not required when this endorsement is issued with the policy. This endorsement is subject to all the agreements, conditions, and exclusions of the policy. The policy is mended as indicated by typewritten entry below. It consideration of a premium to be determined at audit, it is agreed that the policy is amended as follows: dditional Insured: ew Boston Management Services, Inc ew Boston Allison Two Limited Partnership By Boston Fund, Inc 10 Pear Street The Floor artford, CT 06103 ditional premium Return premium Retu					٠.	indoisement no	
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ace of issue hiladelphia, PA ndorsement effective (s our 12:01 A.M. sued to tvance PCS	standard time)	Month 06	Day Year 06 01	Date of issue 06/07/01 Amending policy no. CGL 0175221-00	
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tate code	Agent code 730764	Agent name CBS Insurance	LLP	•			-
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sued by: G	Seneral Accid	ent Insurance Co	mpany of	Ameri	ca		_
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nerided as a consideration of considerat	indicated by indicated by indicated by indicated: Realty Corportace ve, IL 60515 on: Duke Realty	typewritten entry	below. ined at au	dit, it i	s agreed	exclusions of the policy. The policy is distributed that the policy is amended as follows:	
ditional premit	um — norized represer	Return premium \$ ntative				·	
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ENDORSEMENT

		Endorsement number
Issued by: GE	HERAL ACCIDENT INSURANCE COMPANY OF AM	(ERICA
Place of issue PHILADELPHIA, 1		Date of issue 03-01-01
Endorsement effective 12:01 A.H.	re (standard time) Month Day Year 10 01 00	Amending policy no. CGL 0175221-00
Issued to ADVANCE PARADIO	M, INC., ETAL	
State code Agent co	ode Agent name 0764 CBS INSURANCE, ILP.	
The above information	on is not required when this endorsement is issued t	with the policy.
This endorsement is indicated by typewrite	subject to all the agreements, conditions, and exclusion ten entry below.	sions of the policy. The policy is amended as
	SCHEDULE OF FORMS AND ENDO	DESEMENTS
G-1881	NAMED INSURED	
G-1881	BROAD NAMED INSURED	
G-1881	SCHEDULE OF LOCATIONS	
G-1881	COMPOSITE RATE ENDORSEMENT	
G-1881	CANCELLATION AMENDMENT	•
G-1881	UNINTENTIONAL ERRORS OR OMISSIONS	*
G-1881	NON-CHNED WATERCRAFT AMENDED	
G-1881	BLANKET ADDITIONAL INSUREDS WHERE REX	OUIRED BY CONTRACT OR AGREPHENT
G-1881	AMENDED NOTICE OF OCCURRENCE	•
G-1881	COMPUTER DATA PROCESSING PROFESSIONAL	LIABILITY
G-1881	PIRE DAKAGE AMENDMENT	
G-1881	ASBESTOS EXCLUSION	
G-1881	NUCLEAR EXCLUSION	
G-1881	INTERCOPPANY SALES EXCLUDED FROM AUDI	
œ 0001 (01-96)	COMMERCIAL GENERAL LIABILITY COVERAGE	e Porn
IL 0258	ARIZONA CHANGES - CANCELLATION AND NO	DH-RENEWAL
IL 0260	CONNECTICUT CHANGES - CANCELLATION AN	
CG 0220	FLORIDA CHANGES - CANCELLATION AND BO	on-renewal
IL 0262	GEORGIA CHANGES - CANCELLATION AND HO	M-RENEWAL
CG 2605	HINNESOTA CHANGES	
IL 0245	MINNESOTA CHARGES - CARCELLATION AND	HON-RENEWAL
IL 0244	ORIO CHANGES - CANCELLATION AND NON-B	RENEWAL
IL 0246 IL 0910	PENNSYLVANIA CHANGES - CANCELLATION A PENNSYLVANIA NOTICE	AND NON-REMEMAL
Additional premium	Return premium	
Signature of authorize	er representative	
G-1881 Rev.6.96 (1)		1

ENDORSEMENT

		Endorsement number
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Issued by: GE	NERAL ACCIDENT INSURANCE COMPANY OF A	america
Place of issue PHILADELPHIA,	PA bab	Date of issue 03-01-01
Endorsement effecti Hour 12:01 A.M		Amending policy no.
Issued to	CH, INC., ETAL	
State code Agent co 730	ode Agent name 0764 CBS INSURANCE, ILP.	
The above information	on is not required when this endorsement is issued	d with the policy.
This endorsement is indicated by typewri	subject to all the agreements, conditions, and exciten entry below.	lusions of the policy. The policy is amended as
	SCHEDULE OF FORMS AND ENDORSEME	ORT - (CONTINUED)
CG 0103	TEXAS CHANGES - CONDITIONS REQUIRIN	G NOTICE
CG 0205	TEXAS CHANGES - AMENDMENT OF CANCEL	LATION PROVISIONS OR COVERAGE
~ 3630	CHANGES - EMPLOYMENT-RELATED	no semante ever notas
CG 2639 IL 0168	TEXAS CHANGES - EMPLOIREMI-MELATIO	PRACTICE EXCLUSION
IL 0275	TEXAS CHANGES - CANCELLATION AND NO	W_DENEWAL PROVISIONS POP
	CASUALTY LINES AND COMMERCIAL PACKA	
IL 0021	NUCLEAR ENERGY LIABILITY EXCLUSION	
CG 2028	ADDITIONAL INSURED - LESSON OF LEAS	ED EQUIPMENT
CG 2011	ADDITIONAL INSURED - MANAGERS OR LE	SSORS OF PREHISES
OG 2021	ADDITIONAL INSURED - VOLUNTEER WORK	ERS
CG 0055	AMENDHENT OF OTHER INSURANCE CONDIT	ION (OCCURRENCE VERSION)
CG 0054	AMENDMENT OF POLLUTION EXCLUSION — I HEATING EQUIPMENT	EXCEPTION FOR BUILDING
CG 0424	COVERAGE POR INJURY TO LEASED WORKE	rs
CG 0300	DEDUCTIBLE LIABILITY INSURANCE (NOT	APPLICABLE IN HH AND VA)
CG 2147	EMPLOIMENT-RELATED PRACTICES EXCLUS. AND NA)	ION (NOT APPLICABLE IN TX
L 2661	EMPLOTEE BENEFITS LIABILITY	
CG 2116	EXCLUSION - DESIGNATED PROPESSIONS	SERVICES
CG 2141	EXCLUSION - INTER-COMPANY PRODUCTS	SUITS
CG 2404	WAIVER OF TRANSPER OF RECEIPTS OF RECE	
OG 0057	AMENDMENT OF INSURING AGREEMENT-KNOW	nn injury or dánage
CG 2269	DRUGGIST LIABILITY	
CG 2160	YEAR 2000 EXCLUSION	
CG 2165	TOTAL POLLUTION EXCLUSION WITH HEAT	ING EQUIP. & HOSTILE FIRE EXCEPTION
Additional premium	Return premium	
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indicated by typewritten entry below.

ENDORSEMENT

Not Valid Unless Signed By A Duly Authorized Representative Of The Company

				Endorsement number	
Issued by: GENERAL ACCIDENT	DESURA	NCE COMPA	NY OF A	GERICA .	
Place of issue PRILADELPHIA, PA bab			<u>.</u>	Date of issue 03-01-01	
Endorsement effective (standard time) Hour 12:01 A.N.	Month 10	Day 01	Year 90	Amending policy no.	
Issued to ADVANCE PARADIGM, INC., ETAL					
State code Agent code Agent nam 730764 CBS		CK, LLP.			•
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ADVANCEPCS, INC. ADVANCE PARADIGM, INC. ADVANCERX.com ADVP, OPERATIONS, L.P. ADVP MANAGEMENT, L.P.

ADVP CONSOLIDATION, L.L.C. PCS HEALTH SYSTEMS, INC. PCS OF MEW YORK, INC. PCS SERVICES INC

PCS MAIL SERVICES, INC.
PCS MAIL SERVICES OF BIRMINGHAM, INC.
PCS MAIL SERVICES OF FORT WORTH, INC.
PCS MAIL SERVICES OF SCOTTSDALE, INC.
CLINICAL PHARMACEUTICALS, INC.

Additional premium	Return premium	
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Signature of authorized repr	esentative	

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Signature of authorized representative	\$	15	um		

ENDORSEMENT

			Endorsement number
Issued by:	DENT INSURANCE COMPA	TY OF 1K	TO TO 1
	DERI INSURABCE CURPA	I OF AN	Date of issue
Place of issue			
PHILADELPHIA, PA bab			03-01-01
Endorsement effective (standard t	•	Year	Amending policy no.
Hour 12:01 A.K.	10 01	00	1 CGL 0175221-00
ADVANCE PARADIGM, INC.,	ETAL		
State code Agent code Agent	name CBS INSURANCE, ILP.		
The above information is not requ	ired when this endorsement	is issued v	with the policy.
This endorsement is subject to all indicated by typewritten entry bel	the agreements, conditions, ow.	and exclus	sions of the policy. The policy is amended as
·	AMENDATORY ENDORSES	ert - W	ATERCRAFT
IT IS AGREED THAT SECTION TO READ:		CLUSION:	S IS AKENDED
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Signature of authorized represent	ative		
G-1881 Rev.6.96 [1)			

ENDORSEMENT

Not Valid Unless Signed By A Duly Authorized Representative Of The Company

				Endorsement number	-
Issued by:	**************************************				
GERLEAU ACCIDE	NT INSURA	NCE COMP.	any op aj		
Place of issue PETIADEIPHIA, PA bab				Date of issue 03-01-01	
Endorsement effective (standard time) Month	Day	Year	Amending policy no.	
Hour 12:01 A.M.	, 10	, 01	, 00	CGL 0175221-00	
Issued to ADVANCE PARADIGM, INC., EX	NL .			·	
State code Agent code Agent na 730764	me 35 Insurab	CE, LLP.	<u> </u>		
The above information is not require	d when this e	endorseme	nt is issued	with the policy.	
This endorsement is subject to all the indicated by typewritten entry below.	agreements,	, condition	s, and exclu	sions of the policy. The policy is	s amended as
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EMPLOYEE OF THE INSURED SHA				-	
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FOR INSURANCE SHALL HAVE RE	CEIVED SU	CH NOTIC	E EBOH I	is agent, servant	
OR EMPLOYEE.				,	
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Signature of authorized representative					

G-1881 Rev.6.96 (1)

ENDORSEMENT

Not Valid Unless Signed By A Duly Authorized Representative Of The Company

		Endorsement number		
ssued by: GENERAL ACCIDENT INSURANCE COMPANY OF AMERICA				
Place of issue PHILADELPHIA, PA bab		Date of issue 03-01-01		
Endorsement effective (standard time) Month Hour 12:01 A.H. t 10	Day Year	Amending policy no. CGL 0175221-00		
Issued to ADVANCE PARADIGM, INC., ETAL				
State code Agent code Agent name , 730764 CBS INSURANCE	i, IIP.			
The above information is not required when this en	dorsement is issued w	rith the policy.		
This endorsement is subject to all the agreements, cindicated by typewritten entry below.	onditions, and exclusi	ions of the policy. The policy is amended as		
MOTICE OF C	ANCELLATION END	DESERGENT		
IT IS AGREED THAT IN THE EVENT OF CAMO	ZILATION (EXCEP	T FOR NON-PAYMENT		

IT IS AGREED THAT IN THE EVENT OF CAMCULLATION (EXCEPT FOR NON-PAYMENT OF PREMIUM), NON-RENEWAL OR MATERIAL CHANGE IN RATES, COVERAGE, TERMS OR CONDITIONS, MINETY (90) DAYS WRITTEN NOTICE WILL BE MAILED TO THE MAKED INSURED.

IN THE EVENT OF CANCELLATION FOR HOM-PAINENT OF PREMIUM, TEN (10) DAYS' WRITTEN MOTICE WILL BE MAILED TO THE DESURED.

Additional premium	Return premium	
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Signature of authorized repr	esentative	
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ENDORSEMENT

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issued by:	GENERAL	ACCIDENT	INSURAN	CE COMPA	HA TO YE	ERICA	
Place of issue PHILADELPHI	A, PA	bab				Date of issue 03-01-01	
Endorsement eff Hour 12:01		dard time)	Month 10	Day 01	Year 00	Amending policy no.	-00
Issued to ADVANCE PAR	adigu, I	NC., ETAL					
State code Age	nt code 730764	Agent name	IKSURAN	CE, LLP.			:
The above infor	mation is no	t required w	then this er	ndorsement	is issued w	vith the policy.	
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ENDORSEMENT

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issued by: GENERAL	ACCIDENT INSURAN	CE COMPA	MY OF AR	ERICA
Place of issue PHILADELPHIA, PA b	ab			Date of issue 03-01-01
Endorsement effective Islan Hour 12:01 A.M.	dard time) Month	Day 01	Year 00	Amending policy no. CZL 0175221-00
Issued to ADVANCE PARADIGM, IN	C., ETAL			
State code Agent code 730764	Agent name CBS INSURAN	CE. LLP.		
The above information is no	t required when this e	endorseme	nt is issued v	with the policy.
This endorsement is subject indicated by typewritten ent	to all the agreements, ary below.	conditions	s, and exclu	sions of the policy. The policy is amended as
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a. THE INSURED; OR b. ANY PERSON OR OF IS LEGALLY RESPO		riose ac	ts, erroe	es or omissions the insured
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THIS COVERAGE DOES IN AND ADVERTISING INJUS				OPERIX DANAGE® OR ®PERSONAL MARE PROGRAMS:
Additional premium \$	Return premi	um		
Signature of authorized repre	esentative			_

ENDORSEMENT

Not Valid Unless Signed By A Duly Authorized Representative Of The Company

	Encorsement number
issued by: GENERAL ACCIDENT INSURANCE COMPANY OF AME	RICA
Place of issue PHILADELPHIA, PA bab	Date of issue 03-01-01
Endorsement effective (standard time) Month Day Year Hour 12:01 A.H. 10 01 00	Amending policy no.
Issued to ADVANCE PARADIGM, INC., ETAL	
State code Agent code Agent name 1 730764 CBS INSURANCE, LLP.	
The above information is not required when this endorsement is issued w	rith the policy.

This endorsement is subject to all the agreements, conditions, and exclusions of the policy. The policy is amended as indicated by typewritten entry below.

COMMERCIAL GENERAL LIABILITY COVERAGE PART - (CONTINUED)

- 1. DEVELOPED AND HANUPACTURED BY YOU;
- 2. DEVELOPED BY YOU AND MANUFACTURED BY OTHERS UNDER A CONTRACT; OR
- 3. DEVELOPED BY OTHERS AND MANUFACTURED BY YOU UNDER A CONTRACT.

PARAGRAPH f. OP THE DEFINITION OF "INSURED CONTRACT" ADDITIONALLY DOES NOT INCLUDE ANY LICENSING, FRANCHISING OR SIMILAR AGREEMENT WITH RESPECT TO THE MANUFACTURING AND OR DEVELOPMENT OF COMPUTER SOFTWARE PROGRAMS.

Additional premium	Return premium	
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Signature of authorized representations	entative	

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights. duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under WHO IS AN INSURED (SECTION II).

Other words and phrases that appear in quotation marks have special meaning. Refer to DEFINITIONS (SECTION V).

SECTION 1 - COVERAGES

COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any occurrence" and settle any claim or "suit" that may result. But:
 - (1) The amount we will pay for damages is limited as described in LIMITS OF INSUR-ANCE (SECTION III); and
 - (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMEN-TARY PAYMENTS - COVERAGES A AND B.

- b. This insurance applies to "bodily injury" and "property damage" only if:
 - (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory"; and
 - (2) The "bodily injury" of "property damage" occurs during the policy period.
- c. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. Exclusions

This insurance does not apply to:

a. Expected or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract, reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
 - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same 'insured contract"; and

(b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

d. Workers Compensation and Similar Laws

Any obligation of the insured under a workers compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that 'employee' as a consequence of paragraph (1) above.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

f. Pollution

- (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants:
 - (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured;
 - (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
 - (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom you may be legally responsible; or
 - (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations:
 - (i) If the pollutants are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor, or
 - (ii) If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants.

Subparagraph (d)(i) does not apply to. "bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the fuels, lubricants or other operating fluids are intentionally discharged, dispersed or released, or if such fuels, lubricants or other operating fluids are brought on or to the premises, sile or location with the intent to be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor.

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Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. Damage to Your Product

"Property damage" to "your product" arising out of it or any part of it.

I. Damage to Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

m. Damage to Impaired Property or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property, arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

n. Recall of Products, Work or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product":
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it. Exclusions c. through n. do not apply to damage by fire to premises white rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in LIMITS OF INSUR-ANCE (Section III).

COVERAGE B. PERSONAL AND ADVERTISING IN-JURY LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal injury" or "advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal injury" or "advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" or offense and settle any claim or "suit" that may result. But:
 - (1) The amount we will pay for damages is limited as described in LIMITS OF INSUR-ANCE (SECTION III); and
 - (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS - GOVERAGES A AND B.

- b. This insurance applies to:
 - (1) "Personal injury" caused by an offense arising out of your business, excluding advertising, publishing, broadcasting or telecasting done by or for you;
 - (2) "Advertising injury" caused by an offense committed in the course of advertising your goods, products or services;

but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

- a. "Personal injury" or "advertising injury":
 - Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;

- (2) Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
- (3) Arising out of the willful violation of a penal statute or ordinance committed by or with the consent of the insured;
- (4) For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement; or
- (5) Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants at any time.
- b. "Advertising injury" arising out of.
 - Breach of contract, other than misappropriation of advertising ideas under an implied contract;
 - (2) The failure of goods, products or services to conform with advertised quality or performance:
- (3) The wrong description of the price of goods, products or services; or
 - (4) An offense committed by an insured whose business is advertising, broadcasting, publishing or telecasting.
- c. Any loss, cost or expense arising out of any:
 - (1) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants; or
 - (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

COVERAGE C. MEDICAL PAYMENTS

1. Insuring Agreement

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:
 - (1) On premises you own or rent;

- (2) On ways next to premises you own or rent; or
- (3) Because of your operations; provided that:
- (1) The accident takes place in the "coverage territory" and during the policy period;
- (2) The expenses are incurred and reported to us within one year of the date of the accident; and
- (3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.
- b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:
 - (1) First aid administered at the time of an accident;
 - (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
 - (3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions

We will not pay expenses for "bodily injury":

- a. To any insured.
- b. To a person hired to do work for or on behalf of any insured or a tenant of any insured.
- c. To a person injured on that part of premises you own or rent that the person normally occupies.
- d. To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers compensation or disability benefits law or a similar law.
- e. To a person injured while taking part in athletics.
- Included within the "products-completed operations hazard".
- g. Excluded under Coverage A.
- h. Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

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SUPPLEMENTARY PAYMENTS - COVERAGES A AND B

We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we

- 1. All expenses we incur.
- 2. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
- 3. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these
- 4. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
- 5. All costs taxed against the insured in the "suit".
- 6. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- 7. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insur-

If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

- a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnilee in a contract or agreement that is an "insured contract";
- b. This insurance applies to such liability assumed by the insured:
- c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract":
- d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee:

- e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
- f. The indemnitee:
 - (1) Agrees in writing to:
 - (a) Cooperate with us in the investigation, settlement or defense of the "suit";
 - (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the 'suit':
 - (c) Notify any other insurer whose coverage is available to the indemnitee; and
 - (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
 - (2) Provides us with written authorization to:
 - (a) Obtain records and other information related to the "suit"; and
 - (b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of paragraph 2.b.(2) of COVERAGE A -BODILY INJURY AND PROPERTY DAMAGE LIABIL-ITY (Section 1 - Coverages), such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys fees and necessary litigation expenses as Supplementary Payments ends

- a. We have used up the applicable limit of insurance in the payment of judgments or settlements: or
- b. The conditions set forth above, or the terms of the agreement described in paragraph 1. above, are no longer met.

SECTION II - WHO IS AN INSURED

- 1. If you are designated in the Declarations as:
 - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner
 - b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
 - c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
 - d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
- 2. Each of the following is also an insured:
 - a. Your "employees", other than either your "executive ufficers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business: However, none of these "employees" is an insured for:
 - (1) "Bodily injury" or "personal injury":
 - (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while that co-"employee" is either in the course of his or her employment or performing duties retated to the conduct of your business:
 - (b) To the spouse, child, parent, brother or sister of that co-"employee" as a consequence of paragraph (1)(a) above:
 - (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in paragraphs' {1)(a) or (b) above: or
 - (d) Arising out of his or her providing or failing to provide professional health care services.

- (2) "Property damage" to property:
 - (a) Owned, occupied or used by.
 - (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

you, any of your "employees", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company)

- b. Any person (other than your "employee"), or any organization while acting as your real estate manager.
- Any person or organization having proper temporary custody of your property if you die. but only:
 - (1) With respect to liability arising out of the maintenance or use of that property; and
 - (2) Until your legal representative has been appointed.
- d. Your legal representative if you die. but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
- With respect to "mobile equipment" registered in your name under any motor vehicle registration law any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
 - a. "Bodily injury" to a co-"employee" of the person driving the equipment; or
 - b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.
- 4. Any organization you newly acquire or form. other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
 - a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier: